

U.S. DEPARTMENT OF ENERGY
**Office of Electricity Delivery and
Energy Reliability**



ENERGY ASSURANCE DAILY

January 11, 2006

Electricity

Update: Quad Cities Nuclear Plant Inspected for Cause of Damage

Federal inspectors began monitoring an inspection of both 864 MW units at Exelon's Quad Cities nuclear generating station to determine if operating the plant at an increased level led to damage to valve mechanisms designed to release steam in the event of an accident. Exelon received permission from the Nuclear Regulatory Commission to increase output at the facility by 18 percent. Exelon's preliminary investigation has indicated that the abnormal wear on the valve mechanisms could be the result of increasing the operating level of the facility. Both units are operating at reduced output and will continue to do so until the problem is resolved.

Bloomberg 12:28, January 11, 2006.

<http://www.qctimes.net/articles/2006/01/11/news/business/doc43c496b4413cb540640023.txt>.

Duke's 755 MW Gas-fired Unit 7 at its Moss Landing Facility in California Shut January 10

Reuters 14:39, January 11, 2006.

Duke's 754 MW Gas-fired Unit 6 at its Moss Landing Facility in California Shut January 10

Reuters 14:39, January 11, 2006.

Petroleum

DOE Completes Final Delayed Deliveries of SPR Crude after Katrina

On Jan. 4 the U.S. Department of Energy completed the last delivery of crude oil sold through a competitive sale of 11 million barrels from the Strategic Petroleum Reserve in the wake of Hurricane Katrina. The deliveries were supposed to be completed in October but were delayed due to extensive damage to refineries, terminals and distribution systems caused by Hurricane Rita which hit Louisiana and Texas on Sep. 24.

<http://www.platts.com/Oil/News/6154050.xml?S=n>.

Update: BP's Texas City Refinery to Restart in March

According to sources in the area, BP will restart its 460,000 b/d Texas City refinery sometime in March. BP had announced that production at the refinery, which has been shut since it was hit by Hurricane Katrina, was to resume before the end of 2005. However, the restart was delayed as the plant was thoroughly overhauled to address safety concerns stemming from an explosion that killed and injured nearly 200 in March of 2005.

Reuters 16:42, January 10, 2005

Concerns Over Possible Iran Sanctions Push Crude Oil to Highest Price in Three Months

Concerns about possible sanctions against Iran over the country's intention to restart its nuclear program pushed oil prices to their highest level in three months. The spot price of crude oil closed at \$63.91 while the futures price on the NYMEX closed at \$64.80, the highest price since early October. Reuters 15:47, January 11, 2006.

Marathon Begins Work to Up Louisiana Refinery's Capacity by 180,000 b/d

Marathon Oil Corporation has begun work on an expansion of its 245,000 b/d Garyville, La., refinery. The project is expected to increase the refinery's crude throughput capacity by 180,000 b/d to 425,000 b/d, with completion possibly as early as the fourth quarter 2009. Anticipated project investments include the installation of a new crude distillation unit, hydrocracker, reformer, kerosene hydrotreater, delayed coker, additional sulfur recovery capacity and other infrastructure investments. The proposed refinery configuration also will be designed to provide maximum feedstock flexibility, enabling Marathon to process more heavy sour crude oils.

http://www.energyintel.com/PublicationHomePage.asp?publication_id=5.

http://www.marathon.com/content/includes/PF_News_Releases.asp?ReleaseID=774046.

Natural Gas

Enterprise to Expand Gulf of Mexico Hub and Pipeline by 150 MMcf/d

Enterprise Products Partners L.P. has announced agreements with the Atwater Valley Producers Group to increase both the processing capacity of the Independence Hub platform and the transportation capacity of the Independence Trail Natural Gas Pipeline from 850 MMcf/d to 1 Bcf/d. These expansions of approximately 150 MMcf/d are required to accommodate expected natural gas production from three additional discoveries made in the area since the time the project was initially announced.

<http://biz.yahoo.com/bw/060111/20060111005201.html?v=1&printer=1>.

Reuters 8:00, January 11, 2006.

PECO Completes Upgrades to Suburban Philadelphia Gas Facilities

Gearing up for cold weather conditions and increased demand for natural gas, PECO completed \$10.6 million in upgrades in the fourth quarter 2005 on its gas distribution system, which serves 470,000 customers in the Philadelphia suburbs. The system upgrades, including 13 capacity expansion projects and 62 smaller projects, are intended to ensure distribution reliability and pipeline safety.

<http://biz.yahoo.com/prnews/060110/phtu041.html?v=30>.

Hurricane Recovery Updates

December 15 was the last scheduled hurricane emergency situation report prepared in 2005. There will be no further updates to refinery, natural gas plant, or pipeline data. The U.S. Minerals Management Service continues to provide weekly status reports on Gulf of Mexico production. This information is represented in the tables below. For past Gulf Coast Hurricanes situation reports, see the website of the Office of Electricity Delivery and Energy Reliability (OE) of the U.S. Department of Energy at: <http://www.oe.netl.doe.gov>.

BP Reports Slight Drop in Fourth-Quarter Oil Production Due to Hurricanes

BP said Jan. 10 that its oil production for the fourth quarter of 2005 was 4.010 million b/d, down 85,000 b/d from the same period last year due to damage sustained from hurricanes in the United States. BP said growth in new profit centers and the completion of the planned maintenance season was partially offset by the impact of hurricanes Katrina and Rita, which cost the company around 160,000 b/d in production. BP also said its refining output had been significantly lower in the fourth quarter due to the shutdown of its 460,000 b/d refinery in Texas City, Texas, on Sept. 22, ahead of Hurricane Rita.

http://biz.yahoo.com/ap/060111/britain_bp_production.html?v=4&printer=1

Gulf Coast and Louisiana Shut-in Production Per Day January 11, 2006*			
	Gulf Coast	Louisiana	Total
Gas (MMcf/day) % of normal	1,856 18.6%	620 27.5%	2,470 20.2%
Oil (bbls/day) % of normal	402,259 26.8%	79,509 39.0%	481,485 28.3%

NOTE: Normal Production in the Gulf Coast (Outer Continental Shelf as reported by MMS) is 10,000 MMcf/d of gas and 1,500,000 b/d of oil. Normal Production in Louisiana (as reported by DNR) is 2,235 MMCF/day of gas and 203,139 b/d of oil.

*Sources: [U.S. MMS](#), January 9, 2006 and [Louisiana DNR](#), January 11, 2006

Gulf Coast Cumulative Shut-in Production Ivan vs. Katrina/ Rita		
	Ivan 9/13/04 - 02/14/05	Katrina/ Rita 8/26/05 – 1/9/06
Gas (MMcf)	172,259	581.682
Oil (bbls)	43,841,245	113,246,964

Source: [U.S. MMS](#), January 9, 2006.

Louisiana Pipeline Operation January 11, 2006			
Total	Open	Partially Open	Shut-in
55	18	16	21

Source: [Louisiana DNR](#), January 11, 2006.

Other News

BioEnergy to Open Second Biodiesel Plant in Denver, Mid-February

BioEnergy of Colorado is opening a second Biodiesel plant in Denver, that will start operations by mid-February. The plant will increase the company's capacity from 10 million gallons annually to 15 million gallons. Agricultural products such as soybeans and canola oil will be used as feedstock.

http://www.9news.com/acm_news.aspx?OSGNAME=KUSA&IKOBJECTID=b68e200b-0abe-421a-00a7-b0a67c787220&TEMPLATEID=0c76dce6-ac1f-02d8-0047-c589c01ca7bf.

Energy Prices

U.S. Oil and Gas Prices January 11, 2006			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	63.91	63.41	45.66
NATURAL GAS Henry Hub \$/Million Btu	8.55	9.25	5.96

Source: Reuters

This Week in Petroleum from the Energy Information Administration (EIA)

<http://tonto.eia.doe.gov/oog/info/twip/twip.asp>

Updated on Wednesdays

Weekly Petroleum Status Report from EIA

http://www.eia.doe.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html

Updated after 1:00 pm (Eastern time) on Wednesdays

Natural Gas Weekly Update from EIA

<http://tonto.eia.doe.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 pm (Eastern time) on Thursdays

Infrastructure Security and Energy Restoration Website from ISER/OE/DOE

<http://www.oe.netl.doe.gov>

Updated after 5:00 pm (Mon. thru Fri.) with latest Energy Assurance Daily; previous Energy Assurance Daily and emergency situation reports are also posted on the website.